

Volume 13 No. 5, January 15, 2007

CHAIRMAN'S MESSAGE

The recent severe winter storm had a paralysing affect on all sectors of our dairy industry...producers, transporters and processor alike. It creates a truly helpless feeling when nature unleashes its full wrath. Understandably, it is human nature to want to lash out and put blame on those around us who could do little to cushion the impact of such an event.

Producers on the Milk Control Board personally experienced the harsh effect of the storm's severity. In addition, they and Board staff received numerous phone calls from other producers who described their own personal plight.

The Milk Control Board will be meeting to review all aspects of the situation and its consequences for all industry sectors. It is now time to move forward and examine constructive measures which will minimize the negative impact of the recent event, and better prepare us for the future should such a situation again arise.

The Board will be in close communication with producers and other industry stakeholders in the immediate future to determine what measures might be taken to alleviate the negative impact brought on by the severe weather conditions.

Milk Control Board members wish you all a rapid recovery to a normal position in the future.

QUOTA EXCHANGE

The fifth butterfat Quota Exchange of the 2006-2007 dairy year was conducted on January 15, 2007. The market-clearing price established for unused quota was **\$66.00**. The market-clearing price established for used quota was **\$58.10**. The results of the January 2007 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2006-2007 dairy year will be held on February 15, 2007. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, February 6, 2007. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$66.00
Kilograms offered to Purchase – total	10,732
Kilograms offered to purchase at 5% adjustment	
Kilograms offered to Sell	2,646
Kilograms sold	2,446
Number of Producers	
- offered to purchase	20
- purchased quota	3
- offered to sell	4
- sold quota	3

UNUSED QUOTA EXCHANGE

Price (\$/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
54.90	1	1	292	292	-10,440	10,732	0	20	0
58.00	1	2	32	324	-10,408	10,732	0	20	0
58.50	0	2	0	324	-10,408	10,732	324	20	1
58.75	0	2	0	324	-10,084	10,408	500	19	1
59.00	0	2	0	324	-9,584	9,908	324	18	1
60.00	0	2	0	324	-9,260	9,584	324	17	1
60.25	0	2	0	324	-8,936	9,260	324	16	1
60.50	0	2	0	324	-8,612	8,936	324	15	1
60.65	0	2	0	324	-8,288	8,612	500	14	1
61.00	0	2	0	324	-7,788	8,112	324	13	1
62.15	0	2	0	324	-7,464	7,788	500	12	1
63.00	0	2	0	324	-6,964	7,288	1,324	11	3
64.00	0	2	0	324	-5,640	5,964	500	8	1
64.15	0	2	0	324	-5,140	5,464	500	7	1
65.00	1	3	2,122	2,446	-2,518	4,964	1,824	6	3
66.00	0	3	0	2,446	-694	3,140	2,140	3	2
67.00	1	4	200	2,646	1,646	1,000	1,000	1	1

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$58.10
Kilograms offered to Purchase – total	3,996
Kilograms offered to Sell	698
Kilograms sold	500
Number of Producers	
- offered to purchase	9
- purchased quota	1
- offered to sell	1
- sold quota	1

USED QUOTA EXCHANGE

Price (\$/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
50.00	0	0	0	0	-3,996	3,996	324	9	1
51.50	0	0	0	0	-3,672	3,672	324	8	1
52.26	0	0	0	0	-3,348	3,348	700	7	1
53.65	0	0	0	0	-2,648	2,648	500	6	1
55.00	0	0	0	0	-2,148	2,148	324	5	1
55.35	0	0	0	0	-1,824	1,824	500	4	1
55.50	0	0	0	0	-1,324	1,324	324	3	1
55.80	1	1	698	698	-302	1,000	0	2	0
56.85	0	1	0	698	-302	1,000	500	2	1
58.10	0	1	0	698	198	500	500	1	1

QUOTA SWAP EXCHANGE

The fifth Quota Swap Exchange of the 2006-2007 Dairy Year was conducted on January 15, 2007. There was no market-clearing price established (Table III).

The next monthly Quota Swap Exchange will be held on February 15, 2007. All offers to swap quota through the Quota Exchange must be received at the Board office by midnight, February 6, 2007. The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the

producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$——
Kilograms offered to swap in	1,000
Kilograms offered to swap out	——
Kilograms swapped	——
Number of Producers	
- offered to swap in	1
- swapped in quota	——
- offered to swap out	——
- swapped out quota	——

QUOTA SWAP EXCHANGE

Price (\$/kg b.f.)	No. of Sellers (swap out)	Cumulative Sellers (swap out)	Kgs b.f. offered to swap out	Cumulative swaps out	Cumulative swaps out less Cumulative swaps in	Cumulative purchases (swap in)	Kgs b.f. offered to swap in	Cumulative Buyers (swap in)	No. of buyers (swap in)
\$5.00	0	0	0	0	-1,000	1,350	1,000	1	1

BUTTERFAT PRODUCTION AND COMPONENT PRICING, December 2006

Butterfat production for December 2006 totalled approximately 706,800 kilograms. This was approximately 1.4% lower than December 2005 shipments. **For the first five months of the 2006-2007 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 3,459,914 kilograms. For the first five months, the province has shipped 96.51% of that amount.** The weighted average component tests and prices for the province in December are indicated in Table IV.

TABLE IV

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8246	\$9.653300
Protein	3.3972	\$6.653300
Other Solids (S.N.F.)	5.6900	\$0.993078

Based on the average component tests for the province, the average price received was \$65.1731 per hectolitre. The average butterfat price received per kilogram was \$17.04.

Overquota (4m) holdings are \$1,631,220 for the first five months of the 2006/2007 dairy year.

SASKATCHEWAN MILK POOL RESULTS December 2006**TABLE V**

Milk Sale Revenue	\$ 12,091,010.75
Western Milk Pool	\$ 28,323.43
Dairy Farmers of Canada Skim Off	\$ - 18,810.20
Plant of Last Resort Service	\$ -56,308.31
Total Pool Value	\$ 12,044,215.67

CLASS I PRICE INCREASE – February 1, 2007

The Alberta Cost of Production formula is the pricing mechanism for targeting the Western Milk Pool Class 1 price. The Alberta Energy and Utilities Board (AEUB) consider this formula a useful guide to assist it in the exercise of its discretion in prescribing the minimum price of Class 1 milk. On January 12, 2007, the AEUB announced the price for Class 1 milk in Alberta will increase by \$0.98 per hl. Accordingly, Saskatchewan will increase the Class 1 price by \$0.98 per hl. effective February 1, 2007. Some cost factors contributing to the price increase were Alberta dairy feed, fuel and utilities increases.

ACCOUNTING VALUES FOR CLASSES OF MILK – January 2007**TABLE VI**

	Butterfat (\$/kg)	(\$ per hl. Skim milk)	
Class 1a	\$5.3000	\$53.55	
Class 1b	\$5.3000	\$53.55	
Class 1c	\$5.3000	\$44.50	
	Butterfat (\$/kg)	Protein (\$/kg)	Other Solids (\$/kg)
Class 2	\$7.2333	\$5.3140	\$5.3140
Class 3a	\$7.2333	\$12.4158	\$0.8291
Class 3b	\$7.2333	\$12.1853	\$0.8145
Class 4a, 4b, 4d & 4d(i)	\$7.2333	\$4.9346	\$4.9346
Class 4a(i)	\$7.2333	\$1.5000	\$1.5000
Class 4c	\$7.2333	\$4.2497	\$4.2497
Class 4m	\$0.00	\$0.00	\$0.00
Class 5a	\$3.4697	\$5.2982	\$0.5882
Class 5b	\$3.4697	\$2.0923	\$2.0923
Class 5c	\$3.3740	\$2.0000	\$2.0000
Class 5d	As determined by	the CDC	

2007 WESTERN CANADIAN DAIRY SEMINAR

The 25th Western Canadian Dairy Seminar entitled 25 years of progress: Looking Back, Moving Ahead will be held March 5 – 9, 2007 in Red Deer, Alberta. A brochure with registration information and a complete program is enclosed.

QUOTA MANAGEMENT PROFILE

Please find enclosed your quota management profile for December, 2006. This profile indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

For the 2006-2007 dairy year, the Board will continue to provide this information on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota. Again, we will use actual figures where possible, and estimates for the balance of the dairy year. These estimates will use butterfat average for the past five dairy years and your production figures for the past dairy year.

If you have any questions concerning the information provided, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

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Want to swap used for unused quota (swap in)

- Ken Ferch (306) 736-2205
- David @ Earview Colony (306) 672-3516
- Levi @ Bench Colony (306) 297-3270
- Wes Cairns (306) 656-4807
- Ken (306) 229-4591 or Ed (306) 227-9432
- Keith Thoner (306) 259-2171
- Stan Sinclair or Jayden (306) 332-4220
- Dan @ Pennant Colony (306) 626-3215 Ext. 260 or Ext. 223
- Danny Hofer approximately 200 kilograms (403) 502-9997
- Leonard Blocka – approximately 800 – 1000 kilograms (306) 764-8439
- Joe – West Bench Colony (306) 295-4135
- Alvin Schultz (306)

Want to swap unused for used quota (swap out)

- Jim Gorrill (306) 725-4828
- William Sloomweg (306) 597-4416
- James Hein (306) 365-3209

For Sale

- 35 Holstein heifers for sale, bred and open. Contact Dorothy Scheidt (306) 748-2817
- Alfalfa hay bales 1,400 pounds – young crop. Hay located in Tessier, Saskatchewan. Contact Carol Robbins (403) 859-2097
- 10 Registered Holstein heifers due October/November. Contact Mark Johnson, Strabourg (306) 725-4042
- Complete dairy farm, machinery, 16,309 kilograms of quota and 80 cows. Will consider selling only cows and quota. Phone (306) 795-2976
- 2006 first cut alfalfa – 400 round bales 1500 -1600 pounds each. Feed tests available. Also, first cut alfalfa grass – 400 round bales 1500 -1600 pounds each. Feed tests available. Delivery available. Contact Ray Kostiuk @ (306) 595-4663.
- 21,114 kilograms of quota, with or without cows. Phone (306) 764-7865 or (306) 764-1017.
- 10 bred Holstein heifers due in December and 10 milk cows. Contact Chad or Dennis @ (306) 598-2054.
- Cows and quota for sale. Contact Jerome Fisher @ (306) 365-4674.
- 300 second cut round alfalfa bales 19.4% protein. \$60/tonne. Have feed tests available. Can arrange delivery. Contact Bob Tweedie (306) 493-2716. Delisle, Saskatchewan.
- 15,000 kilograms used quota for sale. Contact Ken Ferch @ (306) 736-2205

Looking for work on dairy farm

Young BC couple seek work together on dairy farm. Have experience and will consider all options. Call (250) 337-5595 or email angus.l.e.halliday@hotmail.com

Wanted to Rent

- Wanted to rent, as soon as possible, dairy farm in good operating condition, preferably around the Saskatoon area. Free stall barn and parlour for 60 – 100 cows needed. Please phone: (604) 820-2387 or fax: (604) 826-1254.

Partnership

- Looking for a person to form a dairy farm partnership. Must have some financial resources to make a 50/50 or 40/60 or similar partnership. Will consider investing in an existing farm operation. Please call (604) 826-5184.

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman
Dr. David Christensen
Joseph Guenther
David Finlay
Garf Stevenson
Joanne Mortenson

Dairy producer
Dairy researcher/professor U of S
Dairy producer
Dairy producer
Consumer representative
Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

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